



Iowa Department of Human Services

Terry E. Branstad
Governor

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Charles M. Palmer
Director

INFORMATIONAL LETTER NO. 1043

DATE: August 24, 2011

TO: Iowa Medicaid Psychiatric Medical Institutions for Children (PMIC)

ISSUED BY: Iowa Department of Human Services, Iowa Medicaid Enterprise (IME)

RE: PMIC Maximum Reimbursement Rate and Restoration of the 5% Reduction

Pursuant to the Iowa Administrative Code 441 subchapter 79.1(2), reimbursement for services provided by non-state-owned PMIC providers is limited to 103% of the patient-day-weighted-average costs. This maximum is updated each year once all prior year cost reports have been reviewed and finalized by the IME Provider Cost Audit and Rate Setting Unit (PCA).

At this time, PCA is unable to finalize all prior year cost reports. Once all prior year cost reports have been finalized, the new rate maximum effective July 1, 2011, will be calculated and reimbursement rates for all PMIC providers will be updated.

Additionally, Executive Order 19 required that the rate maximum be reduced to 95% effective December 1, 2009. House File (HF) 649 authorized restoration of the 5% reduction effective August 1, 2011. Services provided on or after August 1, 2011, will be reimbursed at the lesser of actual cost or 100% of the rate maximum.

To implement these changes, PCA will increase PMIC reimbursement rates by August 31, 2011, to the lesser of actual cost per the most recent finalized cost report or 100% of the current rate maximum in effect as of July 1, 2010. The effective date of this change is August 1, 2011.

Once all prior year cost reports have been reviewed and finalized, the new rate maximum effective July 1, 2011, will be calculated. PMIC reimbursement rates effective July 1, 2011, will be updated to the lesser of actual cost per the most recent finalized cost report or 95% of the rate maximum in effect as of July 1, 2011. PMIC reimbursement rates effective August 1, 2011, will be updated to the lesser of actual cost per the most recent finalized cost report or 100% of the rate maximum in effect as of July 1, 2011. All claims paid at the old reimbursement rates will be adjusted at that time to update interim payment for services. Final payment is contingent upon desk review of actual cost after the close of the fiscal year.

If you have any questions, please contact the IME Provider Cost Audit and Rate Setting Unit at 1-866-863-8610, locally in Des Moines at 515-256-4610, or by email at costaudit@dhs.state.ia.us.